

**CITY OF LYNNWOOD**  
**Snohomish County, Washington**  
**January 1, 1994 Through December 31, 1994**

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**Schedule Of Findings**

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1. City Officials Should Spend Hotel/Motel Tax Moneys For Items Allowed By State Law

During our audit of the city's 1994 expenditures, we found several disbursements of hotel/motel tax money for purposes not allowed by state law.

- a. City officials spent \$7,240 for the operation of the Lynn-O-Rama Festival. Specific inappropriate expenditures include: bands, sound systems, stage materials, trophies, and shirts and jackets for the festival.
- b. City officials spent \$12,917 for the operation of the Heritage Festival. Specific inappropriate expenditures include: bands, sanitation facilities, security staff, canopies, electrical wiring, and staging for the festival.
- c. City officials spent \$1,825 for the operation of the Fireworks Celebration. Specific inappropriate expenditures include: sanitation facilities, staging, and entertainment for the celebration.
- d. City officials spent \$4,426 for the operation of the Miss Lynnwood Pageant. Specific inappropriate expenditures include: awards, sashes, crowns, decorations, room rental, and gowns for the pageant.

State law allows hotel/motel tax moneys to be used for the publication or advertisement regarding the above festivals and pageant in order to promote tourism; however, it does not allow the city to use these moneys to fund the related costs of the events.

RCW 67.28.210 states in part:

Such taxes shall be levied only for the purposes of paying all or any part of the cost of acquisition, construction, or operating of stadium facilities, convention center facilities, performing arts facilities, and/or visual arts center facilities or to pay or secure the payment of all or any portion of general obligation bonds or revenue bond issued for such purpose or purposes under this chapter, or to pay for advertising, publicizing, or otherwise distributing information for the purpose of attracting visitors and encouraging tourist expansion when a county or city has imposed such tax for such purposes . . . .

Using this particular source of money as described above is contrary to the state legislature's intent of how this tax is supposed to benefit the citizens.

We recommend the city's General Fund reimburse their Hotel/Motel Tax Fund \$26,408. We further recommend that the city council use hotel/motel tax moneys only for the purposes allowed by state law.